DOCUMENT RESUME

ED 441 148 CE 080 168

TITLE	Vocational Training as an Instrument To Combat Unemployment: Implications for the Candidate Countries of Central and Eastern Europe. Proceedings (Turin, Italy, June 21-22, 1999).
INSTITUTION	European Training Foundation, Turin (Italy).
PUB DATE	1999-06-21
NOTE	39p.
AVAILABLE FROM	European Training Foundation, Villa Gualino, Viale Settimio Severo, 65 I-10133 Torino, Italia. Tel: 39-011-630-22-22; Fax: 39-011-630-22-00; e-mail: info@etf.eu.int; Web site: http://www.etf.eu.int.
PUB TYPE	Collected Works - Proceedings (021)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Aging (Individuals); Change Strategies; Cooperative Planning; Demography; Disadvantaged; Economic Development; *Education Work Relationship; Educational Change; Educational Finance; Educational Needs; Educational Planning; *Educational Policy; Educational Technology; Financial Support; Foreign Countries; Government School Relationship; Human Resources; International Cooperation; International Educational Exchange; Job Development; *Job Training; Labor Force Development; Labor Market; Needs Assessment; Partnerships in Education; *Policy Formation; Regional Planning; School Business Relationship; Social Isolation; Strategic Planning; Systems Approach; Trend Analysis; *Unemployment; *Vocational Education
IDENTIFIERS	*Europe (East Central); European Social Fund; *European Union; Piedmont Region

ABSTRACT

A 2-day conference on vocational training as an instrument to combat unemployment was held to discuss employment policy, vocational training, and decentralization in the context of the European Union's (EU's) accession strategy, current employment initiatives, and experiences of the EU's member states and regions. The conference included papers on the following six topics: (1) the EU's accession strategy; (2) the EU's employment policy and financial instruments developed to implement it; (3) the recent changes in responsibility for employment policy and vocational training in the region of Piedmont; (4) the role of local and regional authorities in employment creation; (5) the importance of human resources in planning education; and (6) the issues involved in regionalization in candidate countries. Workshops were held on the following four topics: (1) decentralization of employment policies at regional and local levels; (2) the role of local and regional authorities in linking education establishments to enterprises; (3) employment initiatives and instruments at the European level and lessons learned; and (4) interventions in favor of disadvantaged groups. The workshops were designed to accomplish the following three objectives: (1) to identify challenges faced by candidate countries; (2) to inform candidate countries about practices and achievements in EU member states; and (3) formulate recommendations regarding developing vocational education and training systems to meet new needs in candidate countries. (MN)

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PROCEEDINGS

Vocational training as an instrument to combat unemployment - Implications for the candidate countries of Central and Eastern Europe

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European Training Foundation

Villa Gualino, Viale Settimio Severo, 65, I-10133 Torino
Tel: (39) 011 630 22 22 / Fax: (39) 011 630 22 00 / email: info@etf.eu.int
Web: http://www.etf.eu.int

The European Training Foundation is an agency of the European Union which works in the field of vocational education and training in Central and Eastern Europe, the New Independent States, Mongolia and the Mediterranean partner countries and territories. The Foundation also provides technical assistance to the European Commission for the Tempus Programme.

Vocational training as an instrument to combat unemployment - Implications for the candidate countries of Central and Eastern Europe

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1. Introduction

The European Training Foundation is an agency of the European Union which works in the field of vocational education and training in Central and Eastern Europe, the New Independent States and Mongolia and, most recently, the countries and territories of the Mediterranean region (Algeria, Cyprus, Egypt, Israel, Lebanon, Malta, Morocco, Palestinian Authority, Syria, Tunisia and Turkey).

In the field of vocational education and training, the European Training Foundation:

- assists partner countries to define their training needs and priorities;
- manages programmes and projects;
- provides information on current developments, initiatives and future needs; and
- disseminates information and encourages the exchange of experience.

In this way, the European Training Foundation contributes to the reform of the vocational training systems and promotes effective cooperation in this field between the EU and the countries with which it is involved. It provides special support for the candidate countries of Central and Eastern Europe through preparatory programmes, assessment of the acquis communautaire, background employment studies, and technical support for the Joint Employment Assessment Papers, Regional Pilot Studies and the Advisory Forum.

In the context of the latter aspects of its work, a two-day conference on "Vocational training and action as an instrument to combat unemployment: implications for the candidate countries of Central and Eastern Europe" was organised in the Lingotto Conference Centre in Turin on June 21-22 1999.

The conference was organised jointly by the European Training Foundation, the Committee of the Regions and the Piedmont Region and was attended by representatives from a number of EU Member States, institutions and candidate countries.

Introducing the conference, Peter de Rooij, Director of the European Training Foundation outlined the objectives:

- to examine the key social and employment issues and how these issues affect all Member States and candidate countries;
- to facilitate the sharing of know-how and experience in the finding of practical solutions for complex problems;
- to discuss decentralisation and, in particular, the regionalisation of vocational training as a means of combating unemployment; and
- to present the instruments and mechanisms to support employment that have been developed both at European and regional levels.

In view of these objectives, the involvement of the Committee of the Regions and the Region of Piedmont was particularly appropriate.

Irma Peiponen, Chairperson of the Education, Vocational Training, Culture, Sport and Citizens' Rights Committee of the Committee of the Regions pointed out that the Committee of the Regions had a special role to play within the Community, particularly with regard to the themes that were being dealt with at the conference. The Committee of the Regions must be consulted in five areas that directly affect the responsibilities of local and regional authorities: economic and social cohesion, trans-European transport, public health, education and youth and culture. Its role has been extended somewhat by the Treaty of Amsterdam to include employment, social matters, the environment and vocational training.

The Committee is very much concerned with vocational training and with measures to combat unemployment. It has constantly called for support for programmes like Socrates and Leonardo da Vinci. It considers local development programmes to be very important in combating long-term unemployment on a regional basis, particularly if they tackle the issues of deprivation and lack of motivation, which constitute serious obstacles to the elimination of the problem. The Committee of the Regions is also involved in the enlargement process and is currently engaged in the development of local and regional authorities in the candidate countries, following a bottom-up approach.

All in all, then, the Committee is a prime promoter of decentralisation and believes that enhanced cooperation within and between EU regions is both good for democracy and in keeping with the Union's drive to develop the concept of subsidiarity and ensure that it is applied at regional and local, as well as at national, levels.

The involvement of the Region of Piedmont was also felicitous. Giuseppe Goglio, of the Piedmont Region, hoped that their experience, which shared many of the problems faced by candidate countries, including unemployment and imbalances in the supply and demand of labour and occupational skills, could provide a basis for the discussion of possible solutions. The main factor that led to the economic development of the region was the strengthening of its productive sector. Mr Goglio also underlined the difficulties of combining regional development and social cohesion and stressed the need for dialogue.

Mr. Valentino Castellani, Mayor of Turin, fresh from his city's success in winning the bid for the 2006 Winter Olympics, emphasised the importance of investment in human resource development. Training measures need to be imaginative as well as comprehensive. The effects of past policies, such as the traditional separation of vocational training from other areas of education and the neglect of large geographical areas, can still be seen in the large numbers of people with low levels of education and vocational qualifications. It is essential that we deal with these problems and invest in relevant projects at local level. In this context, it is also necessary to establish European networks to exchange and evaluate experiences. The Committee of the Regions has a major role to play in this regard.

Organisation of the conference

The idea of the conference was to discuss the three main themes - employment policy, vocational training and decentralisation - and in the context of the EU accession strategy, current employment initiatives and the experiences of Member States and regions.

The stage was set by a paper on the EU's accession strategy by Mr. Willy Vandenberghe, of the Commission's DG 1A, who outlined the framework for enlargement and the role of the regions within it. This was followed by a contribution on the European Union's employment policy by Mr. Vittorio Campanelli of DG V, who presented the policy in the context of the employment situation in the Union and dealt also with the financial instruments, in the shape of the structural funds, that had been developed to implement it.

The theme of regionalisation was led by a paper by Giuseppe de Pascale, Director of the Vocational Education and Training Services of the region of Piedmont, who outlined recent changes in responsibility for employment policy and vocational training and described the region's experiences with the European Social Fund. This was supplemented by a presentation from Mercedes Bresso, President of the province of Turin, on the role of local and regional authorities in employment creation. Jean-Raymond Masson of the European Training Foundation dealt with the Foundation's views on the importance of human resources in planning education and training policies and contributed his observations (based on the European Training Foundation's Advisory Forum study entitled 'Training and Retraining in the Regions') on the issues involved in regionalisation in the candidate countries.

Discussion among the participants centred on four workshops and a round table. The titles of the workshops were:

- Decentralisation of employment policies at regional and local levels.
- The role of local and regional authorities in linking education establishments to enterprises.
- Employment initiatives and instruments at a European level and the lessons learnt.
- Interventions in favour of disadvantaged groups.

The workshops were designed to allow for in-depth considerations of key themes:

- identifying the challenges faced by the candidate countries;
- informing the candidate countries about practices and achievements in the EU member states, sharing know-how and experience, exploring concrete and proactive approaches to helping the candidate countries to deal with the various challenges; and
- recommendations for the development of vocational education and training systems to meet new needs in candidate countries, particularly those relating to employment policies.

2. Accession strategies

While vocational training, organised on a regional basis, as an instrument to combat unemployment is a specific theme, the implications this has for the candidate countries of Central and Eastern Europe have to be placed in the wider context of the European Union's accession strategy, which was formulated in Agenda 2000 and has been underway for some time.

This strategy, and the role of regions within it, was presented to the conference by Mr. Willy Vandenberghe, DG 1A of the European Commission.

Agenda 2000 deals with the challenges facing the Union in the 21st century. It consists of three strands:

- proposals for the development of EU policies in agriculture (CAP, EAGGF and fisheries) and in relation to the Structural Funds, Cohesion Funds and trans-European networks;
- the financial perspectives and proposals for the years 2000-2006 that were decided at the Berlin summit meeting in March 1999; and, finally,
- the strategy for enlargement.

All these are closely interlinked but it is, of course, the last which is most relevant to the themes of the conference.

The strategy for enlargement combines:

- negotiations, based on the principle that the *acquis communautaire* will be applied on accession; and
- a reinforced pre-accession strategy, for all applicant countries, designed to ensure that they take on as much of the *acquis* as possible in advance of membership.[1]

The reinforced pre-accession strategy, in turn, comprises two features that are designed to guarantee a high degree of consistency between the preparations for accession and the negotiation itself:

- bringing together within a single framework (the Accession Partnerships), which nevertheless takes account of the requirements of each applicant country, all resources and forms of assistance available for facilitating the adoption of the Community *acquis* and disciplines; and
- extending the participation of applicant countries in Community programmes and in mechanisms to apply the *acquis*.[2]

Within this single framework for enlargement, six candidate countries are in the fast track and five others are in the second phase. This, however, is a temporary division and changes may be made in the groupings at the Helsinki Council.

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1 Agenda 2000 1. For a stronger and wider Union, COM(97) 2000 final, p.60

2 Agenda 2000 2. The challenge of enlargement, A-2, COM(97) 2000 final,

The strategies for the adoption of the *acquis communautaire* are set out in the National Programmes for the Adoption of the Acquis (NPAA), which have been drawn up by each of the candidate countries. The NPAAs indicate in detail how the candidate countries will implement each of the priorities identified in the Accession Partnerships. These programmes are currently under review.

Participation in Community programmes and mechanisms to apply the *acquis* is on schedule. Allocations have been agreed for the 1999-2000 participation of most of the candidate countries in the Socrates, Leonardo and Youth for Europe II programmes. Most Central and Eastern European countries have been taking part in these programmes since 1997 and they use part of their Phare allocation to fund their financial contribution.

Financial instruments

The mobilisation of all resources available to the Community for preparing the applicant countries is a crucial aspect of the Accession Partnerships. Community pre-accession support in the framework of these partnerships has doubled over the past few years.

The major channel for Community support in the current phase is the Phare Programme. Within the national Phare programmes, there is a focus on integrated regional development and social development. There is also the Special Preparatory Programme to help candidate countries prepare for participation in the European Social Fund. The European Training Foundation is responsible for delivering this programme.

The Phare 2000 Programme continues the focus on helping candidate countries to build the institutions and structures necessary for sustainable development. In addition it will finance measures which:

- promote investment in the productive sectors;
- address employment issues;
- boost business-related infrastructures.

Phare has also facilitated crossborder cooperation between EU Member States and the countries in Central Europe with whom they share borders. Crossborder cooperation can make a significant contribution to the development of candidate countries.

Investment in the productive sectors can boost competition and strengthen the companies concerned. Support for the development of business-related infrastructure, such as industrial parks and access roads, can stimulate further growth. Investment in human resources, particularly training, is essential for the creation of a skilled and adaptable workforce.

From 2000 onwards, there will be two new instruments to provide assistance to candidate countries in the framework of the pre-accession strategy.

The first is the "Instrument for structural policies for pre-accession" (ISPA), which is a precursor of structural and cohesion funding. It will provide funds for transport and environment protection infrastructure to 10 Central and Eastern European in the period 2000-2006. ISPA funding will be project based and will be directed at large-scale (not less than € 5 million) infrastructure developments.

ISPA is already starting to make an impact on planning and budgeting. In June 1999, the Commission approved a series of programmes to help candidate countries make their preparations for ISPA. The "Project preparation for ISPA" programme is intended to be a kind of "stepping stone" to fund leading infrastructure projects identified by the Commission so that they can, in time, meet the more rigorous selection criteria of ISPA.

The second, new instrument for pre-accession aid is SAPARD, which will be directed at the development of rural areas and the modernisation of agriculture in Central and Eastern Europe. It, too, will be project-based and the criteria for selecting projects to be funded will be derived from the overall development strategy. From the point of view of decentralisation, SAPARD will set up activities at a local level in rural areas.

The Phare 2000 Programme will continue to support institution building and investment in EU compliance and will provide technical assistance for a wide range of activities. The programme will, however, have a new, third pillar emphasising economic and social cohesion. The first draft proposal for Phare support in 2000 will be ready by the end of October 1999. This will cover financial decisions. It should also identify target regions, detail priorities and outline the measures and types of projects that will be co-financed.

In accordance with the decision taken at the Luxembourg European Council of December 1997, a total of € 1,040 million for ISPA, € 520 million for SAPARD and € 1,560 million for Phare will be granted, in the framework of the reinforced pre-accession strategy, to the candidate countries every year over the period 2000-2006. To ensure coherence between assistance granted under the three instruments, a specific coordinating Regulation provides that the European Commission will be responsible for coordinating operations under the three instruments and, in particular, for establishing the pre-accession aid guidelines for each country.

With regard to the question of decentralisation and regionalisation, it must be said that the pre-accession strategy is primarily national, rather than regional, in focus. Decentralisation may be one of the overall, or long-term objectives but, in practical terms, increasing the role of the regions, in the context of pre-accession, depends, to a large extent, on the progress that has been made, on this front, in the different countries involved, through the Phare Programme and otherwise. Some countries have made moves in the direction of regionalisation while others are still very centralised.

On the other hand, as the candidate countries draw nearer to accession, crossborder cooperation will become more and more important and will be extended to cover a wider geographical area. In this context, opportunities for joint strategic programming, on a regional as well as a national basis, will, undoubtedly, arise.

3. European employment policy

While the candidate countries are engaged in pre-accession strategies designed to bring them into line with the current Member States of the European Union, the latter are involved in a major cooperative effort to develop and implement a new, European Union-level employment policy.

This policy was presented to the conference by Vittorio Campanelli, DG V of the European Commission, who began by analysing the current employment situation and by highlighting some of the strengths and weaknesses of the European Union economy.

3.1 The employment situation in the EU

An important area of strength is the low level of EU dependency on the rest of the world. EU Member States have become very interdependent, as a result of the rapid growth of internal trading. Currently, 90% of EU production serves the domestic EU market and 10% is exported. At the same time, only 10% of all the European Union consumes or invests is imported. This means that the EU internal market of 370 million consumers is relatively self-contained.

Interdependence between EU and candidate countries is also growing. At present, 60% of exports from the candidate countries are sent to the EU Member States and they receive 11% of all EU exports.

Enlargement will, therefore, mean a continuation, and not a break, with the current trend towards interdependence.

In contrast to this strength, the European Union still has three major weaknesses that it needs to confront and overcome. These are:

- its lack of preparation for new technology;
- the demographic gap; and
- high levels of unemployment.

New technology

Over the next 10 years, 80% of current technology will be replaced by new technology, while 80% of the today's labour force will still be working or on the labour market. What this means, in effect, is that there will be a huge demand for new skills but the vast majority of the working population will have training and education that date from long before the new technology came into existence.

This type of imbalance between skill requirements and the supply of skills is a very serious problem and one which is unlikely to be resolved in the short term, even by the entry of younger workers onto the labour market. Less than 40% of EU schools have PCs and Internet connections. This means that less than half of the future workforce has the opportunity to familiarise itself with the new technology which will be such an important component of working life.

The demographic gap

In the last 20 years, the working population of the European Union grew by 28 million. Over the next ten years, it will increase only by 3 million. By 2005, the EU population of 20-30 year olds will have decreased by 9 million and there will be 5.5 million people aged between 50 and 60. Clearly, technology is getting younger as the workforce is getting older.

Employment trends

The EU has both a low rate of employment (about 60% compared to 70% in the USA) and a high rate of unemployment. Ten per cent of the total labour force is unemployed and, of these, half are long-term unemployed, i.e. they have been out of work for over a year. Long-term unemployment is particularly problematic as it leads to a lack of motivation to work and, in many regions, to widespread deprivation.

The high level of unemployment and, particularly, of long-term unemployment can be explained by imbalances in the development of the demand and the supply sides of the labour market in Europe. On the demand side, there is a high turnover, with 10% job destruction and 10% job creation, every year. However, the underlying problem is that these do not compensate for each other. The new jobs are often not in the same sectors as the jobs lost and they frequently require different or higher-level skills.

On the supply side, the labour force turnover is much slower. Two to three percent of the labour force leaves each year, due to ageing reasons, and 2-3% enters from education and training with new skills.

The demand and supply sides of the labour market in Europe have, therefore, developed at different rates. There has been the creation of a pool of redundant workers, on the one hand, and bottlenecks of skill shortages on the other.

Uneven distribution of unemployment

Another problem is that unemployment is unevenly distributed. This was pointed out by Peter De Rooij, Director of the European Training Foundation.

"Unemployment is concentrated in certain regions and within certain groups. The percentage of young people unemployed is about 20%, which is twice the EU average. This uneven distribution is the result of significant industrial, technological and market change and the trend towards higher skill levels required in most occupations. Whilst there is an increased emphasis on innovation, knowledge and know-how, outdated skills remain a problem."

Patterns of unequal distribution in unemployment can also be seen at regional level. Giuseppe Goglio, from the Piedmont region told the conference that, in 1998, the level of unemployment in the region as a whole was 8.8% but that this reached a level of 11.2% in one province and that there was an over-representation of young people and women. He believed that the mismatch between the supply of and demand for workers would be less in 10 years time, when the effects of concentrated investment in education and vocational training in the region would be evident.

3.2 *EU employment policy*

The last few years have seen the emergence of a European Union-level employment policy. This is a significant new development. The first step was the inclusion in the Amsterdam Treaty of an Employment Title, which deals with promoting employment and coordinating the policies of Member States.

Even before the new Treaty could be applied, the Heads of State and Government, meeting in Luxembourg in November 1997, endorsed a coordinated strategy for national employment policies. This required Member States to draw up National Action Plans, following guidelines drawn up by the European Commission. The process and content of this phase of employment policy coordination is shown in Figure 2.

The coordinated strategy on employment was confirmed, or, rather, reinforced, by the European Council meeting in Vienna in December 1998 when the heads of state and government agreed that employment policy should be part of a comprehensive approach, driven by an extensive and intensive dialogue between all interested parties.

The process of creating an employment strategy culminated in the European Employment Pact, which was adopted by the Cologne Summit in June 1999. This put the employment strategy at the core of the political agenda and emphasised the need for synergy between macroeconomic policy and employment policy. The Pact is designed to raise the level of employment in Europe to US or Japanese levels and its objectives clearly include that of combating unemployment.

The European Employment Pact consists of three main policies:

1) co-ordinated employment policies, which are Treaty based (the Luxembourg process);

2) macro-economic policies, which consist of broad economic policy guidelines, based on the Treaty and the newly created macro-economic dialogue on fiscal, monetary and wage policies, based on political agreement; and

3) market reform policies, also based on political agreement, and the reports on product, services and capital markets (the Cardiff process).

These policies, and the relationship between them, are outlined in Figure 4.

The Cologne Summit confirmed the European Strategy for Employment (the Luxembourg process), which is articulated in four pillars.

> "The first pillar, **employability**, is about a new *active* labour market policy. The message is simple: we need to fight unemployment, including long-term unemployment. The only way to be successful in this is to act early, to prevent people from drifting into long-term unemployment. The guidelines include common, quantified targets for Member States on the prevention of long-term unemployment and on the activation of labour market policies, across the board.
>
> The second pillar, **entrepreneurship**, is based on the fact that jobs are created by local initiatives and creativity, by people and enterprises. It contains measures to make it easier to start up and run a business and to encourage the creation of a culture of entrepreneurship in Europe. It includes measures to promote job creation at local level, in the social economy and in activities linked to needs not yet satisfied by the market. It pays particular attention to the services sector and the need to focus public policy on supporting entrepreneurs.

> The third pillar, **adaptability**, is about enterprises and their workforces. It is about a new partnership for the modernisation of the organisation of work, a new constructive balance, between flexibility for enterprises and security for workers. It includes an invitation to the social partners to take the lead in the process of technological and organisational change. There is a huge potential in such a partnership. The EU's long run competitiveness is dependent on how employers and workers and the private and public sectors face up to this challenge.
>
> The fourth pillar, **equal opportunities**, is about putting into place systems through which men and women, and society as a whole, can develop a social infrastructure that allows better reconciliation between family and working life. This pillar is motivated by social justice, the gender gap in employment and working conditions. But it is equally driven by economic reasons, stemming from the demographic gap, the slow growth in the population of working age and the need for inclusive policies to ensure that women can take an active part, at all levels and in all sectors of the labour market. " (Campanelli)

The relevance of these pillars, which are articulated, at Member State level, in the National Action Plans, to the themes of the conference is clear.

In their attempts to implement the Employment Pact, Member States must pursue the reform of their own labour markets. The European Commission has also suggested that the social partners must lend their support, in particular by ensuring that developments in wage levels are in line with the trends in the economy and by facilitating the modernisation of the organisation of work. For its part, the Commission undertakes to give support to the Member States and to the social partners, particularly through the new programming of the Structural Funds.

Financial instruments

In presenting the European Employment Pact, the European Council of Cologne emphasised the need for financial support, which is an essential element of any employment strategy. It stressed the need for a strong investment initiative and indicated that the European Investment Bank (EIB) had a particular role to play in this regard. At Member State level, provisions for investment from public and private sources is an important element of the NAPs.

At EU level, the key financial instruments for the promotion of economic development have been the Structural Actions, i.e. the Cohesion Fund and the four Structural Funds:

- the European Regional Development Fund (ERDF);
- the European Agriculture and Guidance Fund - Guidance(EAGGF);
- the Financial Instrument for Fisheries Guidance (FIFG); and, most importantly from the point of view of vocational training and human resource development,
- the European Social Fund (ESF).

The Report on the Mid-term Evaluation of the Structural Funds for the period now drawing to a close indicates that there can be no doubt about the positive effects that the funds have had on growth and employment, particularly in the less developed, Objective 1 regions. Figure 5 gives an indication of the global impact of community aid, in terms of effects on GDP in different Member States.

> *"By 1999, relative to the baseline position (i.e. the situation without Structural Funds), the Community Support Framework in Spain is likely to increase GDP by 5.1%, which means an additional annual average growth of roughly 0.8% and a growth in employment of 2.4%. The GDP of Greece and Portugal is likely to increase by 4%. For Germany and Ireland, the figure is 3% and it is 2% for Italy." (Camvanelli)*

The new Regulations on the Structural Funds, proposed by the European Commission in March 1998, in the context of Agenda 2000, will provide the legal framework for support from these funds in the next programming period, 2000-2006.

Among the changes is the reduction of the number of Objectives from seven to three.

- The purpose of **Objective 1** will continue to be to help less developed regions, that is those whose GDP per head is lower or equal to 75% of EU average. Approximately 2/3 of the Structural Funds will go to Objective 1 regions.
- Under **Objective 2**, the EU will support the economic and social conversion of areas facing industrial decline, rural zones confronted with serious problems, such as depopulation, and regions undergoing structural change.
- The current Objectives 3 and 4 will be re-grouped under a new **Objective 3**, aimed at supporting the adaptation and modernisation of education, training and employment policies and systems across the EU.

Currently, Member States and the European Commission are working together to adopt new plans and programmes for Structural Funds, for the period after the year 2000. One of the main aims is to ensure that the Funds are used in a way that has a maximum impact on employment. This means that

> *"it is vital that financial resources and employment policy work more systematically towards the same ends". (Campanelli)*

This is why it is so important that the National Action Programmes and the Funds are "merged".

> *"The funds must become part and parcel of the NAPs and the NAPs must become part and parcel of delivering mainstream national and local employment policy objectives". (Campanelli)*

It is in order to achieve this that the new Structural Fund Regulations requests national authorities to present, not only their development plans, but also information on the relationship between these and national policy objectives.

In this context, the operation of the European Social Fund has acquired particular significance. While the other Structural Funds, as well as the Cohesion Fund, will provide resources to help with infrastructure development, making the economy more competitive, supporting agriculture and fisheries and creating employment opportunities, the Social Fund has been assigned a special role in supporting the European Employment Strategy and the National Action Plans.

The new ESF Regulatory Framework, developed under the Agenda 2000 reforms, establishes the ESF as a key financial instrument for supporting Member States in their implementation of the NAPs for employment. The Cologne Summit also emphasised these close links between the ESF and the NAPs.

The coordination of ESF operations and the NAPs, which is illustrated in Figure 6, is considered as a significant achievement by the Commission.

Vocational education and training

Like its predecessor, the new ESF will be concerned with vocational education and training and human resource development, which are widely recognised as being able to contribute significantly both to economic development and social cohesion.

> *"Many studies have revealed the causal link between economic development and education/vocational training. An increased investment in human capital accounts, along with many other factors, for high levels of productivity." (Campanelli)*

The provision of adequate and appropriate vocational training is particularly important in the current economic situation.

> *"The globalisation of the economy engenders strong mobility of investments, moving from less competitive to a more competitive region, in search of better return and higher profits. A strong and qualified labour force is an element of attraction, which can definitely sway the decision as to where a business should invest..." (Campanelli)*

The creation of a well-qualified labour force is the result of an active, long-term policy, aimed at the establishment and development of an efficient and appropriate system of vocational education and training. This requires large, long-term public investment to cover structural costs, equipment and running expenses but the returns on this investment can be high. An analysis of the allocation of funding in the Community Support Frameworks shows that

> *"countries that devote a high proportion of funding to Human Resources, Information Technology, R&D and services to small and medium sized enterprise, attained a remarkable growth rate, well above the Community average". (Campanelli)*

This is illustrated in Table 1. Ireland, which has the highest growth rate in the EU, also invests more than any of the other Cohesion countries in human resources. Investment in human resource development was the first priority of that country's Community Support Framework in the two periods 1989-1993 and 1994-1999.

> *"The country's competitiveness has strongly improved thanks to the right policy mix, such as the moderate growth in wages, fiscal incentives for businesses, a stable exchange rate and an improvement of Human Resources". (Campanelli)*

The new European Social Fund

The new European Social Fund will be directed at the new Objective 3 and will operate in close cooperation with the NAPs. It will promote activity in five areas, which correspond to the four pillars of the Employment Strategy.

1. ***Active labour market policies to fight unemployment:***

- active support for those at risk of unemployment;
- measures to prevent long-term unemployment;
- facilitating the re-integration into the workforce of the long-term unemployed; and
- encouraging job and business creation and promoting local development projects.

2. ***Promoting social inclusion:***

- equal opportunities for all in accessing the labour market;
- social and professional integration of the unemployed and disadvantaged groups; and
- pre-vocational training measures for disadvantaged groups.

3. ***Developing lifelong education and training systems:***

- enhancing and sustaining employability;
- reinforcing links between education/training institutions and the job market;
- promoting lifelong learning and a culture of access to education and training and supporting geographical and occupational mobility.

4. ***Economic and social change:***

- promoting job creation through new approaches to work including internal flexibility, new ways of moving between training and work and adapting skills to new working environments; and
- improving employment quality and promoting forward planning in employment and skills areas.

5. ***Equal opportunities:***

- supporting the active participation of women in the labour market, including training and career development and access to new job opportunities; and
- reducing segregation in the labour market.

3.3 *Implications for candidate countries*

The National Programmes for the Adoption of the Acquis, which candidate countries have prepared and are in the process of implementing, include preparation of National Development Plans and National Employment Strategies for Phare financing.

National Development Plans are concerned with improvements in three major areas

- the economic environment,
- human resources, and
- economic infrastructure, as well as promoting institution building through initiatives to reinforce administrative and judicial capacity.

On the analogy of the Structural Funds, the European Commission will examine the consistency of the human resources component with the national employment strategies. Substantial technical assistance has been provided to candidate countries to acquire experience which should prove useful when they accede. In fact, the Commission recommends that the candidate countries endeavour to familiarise themselves with the operating system of the Structural Funds, particularly in three areas which take a long time to put in place and which require solid expertise: partnerships, the selection of projects and information systems.

> *"Partnership is the pivotal operating principle and is at the heart of the implementation process from beginning to end. Partnership requires the full involvement of national, regional and local authorities as well as the participation of the social partners and of representative organisations. The involvement of all the partners should create broad political consensus and give the necessary transparency to the management of the resources." (Campanelli)*

Good selection criteria ensure that the European Commission finances only those projects that meet the objectives of the programmes.

> *"We must not hesitate to implement relatively sophisticated scoring systems for selecting projects, that take into account simultaneously such factors as the expected outputs of the projects (that is, in terms of increased employment), value for money, the nature of the beneficiaries, evidence of partnership, private sector leverage and environmental impact". (Campanelli)*

A well-managed information system is necessary for both monitoring and evaluating the programmes. Such an information system should cover financial indicators as well as physical indicators at project level. Setting up this kind of system requires a lot of time and expertise.

The situation of the candidate countries is analogous to that of Member States also in that the content of the National Development Plans is required to be coherent with the priorities announced in the National Employment Strategy. The Commission will examine whether the human resources sections of the National Development Plans are consistent with the National Employment Strategy.

In this context, the modernisation of their educational and vocational training systems is seen as one of the most urgent tasks the candidate countries have to achieve in the near future. Structures, equipment and curricula have all to be revamped, if the aims of economic development and the additional aim of promoting social cohesion by inserting unemployed people into the labour market, promoting equal opportunities, particularly for women, and recycling those workers who have been made redundant and whom government systems tend "to administer" in unemployment, are to be achieved.

Candidate countries have to face and deal with this considerable challenge while, simultaneously, engaging in negotiations with the EU and preparations for accession. They are, therefore, as Jean-Raymond Masson of the European Training Foundation pointed out, in serious need of technical assistance, on several levels:

"on the conceptual level and on the national level, to implement, monitor and evaluate measures and policies (and, in particular, measures of the type supported by the ESF in Objective 1 areas); and on the level of training, to provide training for training personnel, national, regional and local administrators and others directly involved in training projects (vocational schools, social partners, NGOs etc.)".

Role of the European Training Foundation

The European Training Foundation, along with other EU institutions and instruments, has a crucial role to play in the provision of technical assistance which candidate countries need so urgently.

The Foundation already contributes to the reform of vocational training systems and promotes effective cooperation in this field between the EU and the Central and Eastern Europe. In the context of the pre-accession strategy, as expressed in the guidelines for Phare 2000, the European Training Foundation puts its expertise at the direct service of the candidate countries. It offers support to the networks it has developed, such as the National Observatories and provides technical.

The European Training Foundation is also experienced in the area of vocational training at a regional level. Of particular interest in this regard are the pilot projects which were carried out in the Czech Republic, Poland, Hungary and Slovenia in 1997-98. The objectives were:

- to identify and evaluate the factors that led to the success of vocational training actions at regional and national levels;
- to observe the state of preparation for the ESF;
- to work with those responsible for training at regional and national levels; and
- to organise studies, surveys, seminars and study visits.

Work in the sub-groups of the advisory forum on training and retraining in the regions has been in progress since autumn 1998. The first results were produced in June 1999 and the final report will be ready in September 1999.

In the framework of the management of the Phare programmes, with which it is closely associated, the Foundation has been involved in the Special Preparatory Programme for the ESF. It is also involved in the adaptation and refinement of training tools. A feasibility study on the training of administrators for the ESF is currently underway as is the preparation of a 'model' to facilitate the 'translation' of priorities to ESF-type measures at the regional level. (Masson)

Another area of activity is the development of regional pilot projects, financed by the European Training Foundation in cooperation with other resource providers. An example is the Costanza project which it is engaged in along with Italy, France and Belgium. The Foundation also aims to intensify cooperation between the regions of the EU and those of candidate countries, for example, by twinning-type operations. (Masson)

4. Regionalisation

The region of Piedmont was involved, not only in organising and hosting the conference, but in sharing its own experiences in the areas of regionalisation and employment policy. These were presented to the conference by Giuseppe de Pascale, Director of Vocational Education and Training Services of the Region of Piedmont, who also contributed his observations on the type of training the current economic situation demanded and on what could be achieved by networking between EU and candidate country regions. Mercedes Bresso, President of the Province of Turin and Member of the Committee of the Regions spoke on the role of local and regional authorities in employment creation while Jean-Raymond Masson of the Training Foundation, whose contribution on the role of the Foundation has already been covered, spoke on the meaning and implications of regionalisation for the candidate countries.

4.1 *The experiences of the region of Piedmont*

Piedmont has faced, and is still dealing with, many of the same challenges as the candidate countries. Several aspects of its recent experiences could, therefore, be of immediate interest to the latter, including:

- regionalisation of responsibility for employment policy and for training;
- experiences with the ESF, particularly with regard to disadvantaged groups; and
- preparations for a new round of ESF.

Regionalisation - the institutional framework

When the regional authorities were set up in Italy in the 1970s, they were given responsibility for vocational education and training. The state, however, retained responsibility for employment policy and activities, including the operation of employment exchanges and job placement.

The centralisation of employment functions over time produced adverse effects which outweighed the advantages a national system has (such as overcoming imbalances between the regions). Organisational rigidity and the inevitable tendency towards bureaucratisation led to low levels of efficiency and efficacy in public interventions in the area of employment policy.

At the same time, the separation of vocational training and employment policy led to a certain fragmentation in the provision of services.

The desire for a unified approach, as well as the perceived need to adapt public structures to the dynamics of local labour markets, led the government and parliament to abandon the centralised order. The Legislative Decree 469/97[3] assigned responsibility for both employment and training services to the regions, leaving to the state a general role of direction, promotion and coordination. It also laid down that, as far as possible, the management and distribution of these services should be devolved even further, i.e. to the provinces.

The central aspect of the reform was the creation of new employment services, the Employment Centres. These were to be set up by the provinces to serve specific territorial areas defined by the regions and would take the place of the existing state-run Employment Exchanges. They would provide a totally new type of integrated service in the areas of guidance, placement of workers, implementation of active employment policy measures and local development.

The principle of the integration of services is, in fact, a defining characteristic of Legislative Decree 469 and acted as a guideline for the regional legislation implementing it.

In Piedmont, the legislative decree was implemented by Regional Law No 41/1998. This law, however, also has its roots in earlier regional legislation, i.e. Regional Law No 63/1995 on the reorganisation of vocational training. In its time, this law put Piedmont in the avant-garde of vocational training by introducing new rules and organisational arrangements. It created instruments for planning regional vocational training policies and for organising collaboration between the social partners in the programming, planning and evaluation of training activities. It set up a regional secretariat for vocational training and, at the same time, initiated the process of devolution to lower level authorities, especially the provinces. It also took the first steps towards the integration of training and employment policy and provided for some joint actions in these areas.

When it came to implementing Legislative Decree No 469/97, therefore, the Regional Government took the opportunity to use its own regional legislation as a point of reference. It deliberately set out to recapture its innovative spirit and to develop it further, especially in the areas of planning, policy integration, harmonisation and maximum openness to a further decentralisation of functions, particularly to provincial level.

As far as planning is concerned, the law provides for both a three-year programme and a yearly plan covering, in a unified fashion, both vocational training and employment policy.

The new regional committee on harmonisation has a central role with responsibilities that range from proposing a programme to the planning of integrated policies

On the question of the allocation of responsibilities, the framework outlined by Law No 63/95 is more fully worked out. All managerial responsibilities in the area of vocational training and active employment policies are attributed, as far as possible, to the provinces.

The result of the reform is that the state continues to have responsibility for overall policy direction and for coordination. The region is responsible for planning and the provinces are, essentially, assigned the task of managing interventions, particularly through the employment centres.

Although the reforms decentralise responsibility for vocational training and employment policy to the regional and, even the provincial, level, it should be emphasised that the policy is implemented in the context of a national and EU framework. In developing and implementing its policies, therefore, the region has to take into consideration national economic policy and legislative changes (such as the raising of school leaving age) as well as developments at EU level.

3 The reform of the labour market contained in the legislative decree no. 469 of 23 December 1997 should be seen in the broader context of the decentralisation of administrative powers and functions, laid down by the Bassanini law (L.59/1997).

The orientation of the reform is very much in line with the function that the EU would like the European Social Fund to have in the period 2000-2006, i.e. the provision of support, not only to vocational training, but to the most general active employment policies initiated by governments to combat unemployment and to implement the strategies set out in the NAPs. (De Pascale)

Experience with the ESF

Work has already started, at both government and regional levels, on the "Reference framework with regard to the new lines of intervention of the ESF". In the case of Piedmont, these preparations are based on the region's experiences with the ESF to date.

In the three-year period 1997-1999, the region carried out a particularly extensive programme of vocational training, co-financed by the ESF. Within this programme, there was a special emphasis on the provision of training for disadvantaged groups, particularly the long-term unemployed.

Figure 7 shows the distribution of courses carried out during the three-year period 1997-1999. The total number of courses was 11,401. Of these, 29% were targeted at Objective 3, combating long-term unemployment and facilitating the integration into working life of young people and of people exposed to exclusion from the labour market and promoting equal opportunities for men and women on the labour market. An additional 32% was targeted at Objective 4, promoting the development and adaptation of workers to industrial changes and changes in productive systems (Figure 8).

In terms of course hours, 70% were directed at Objective 3. This was also the category with the highest percentage of trainees (35% of the total 133,666 trainees) (Figure 9).

Figure 10 shows the allocation of expenditure to the different objectives. This shows that the lion's share of expenditure also went on Objective 3 projects (48%). Within that group, the biggest sub-target group was young people.

Help in adjustment to changes in the labour market, targeting the problem of redundancy, on the one hand, and shortages of skills, on the other, were also important. Though a considerable percentage of those trained were in this category, they were not as significant, in terms of numbers (29%), expenditure (31%) and, particularly in terms of hours of training, (16%), as the Objective 4 group, possibly because many of them were still in work and because of the involvement of companies in the provision and financing of training for their own employees.

In terms of results, Figures 11 and 12 show the proportion of trainees who succeeded in getting a qualification and who got jobs. Again, young people were highly represented. These represented 74% of all the Objective 3 group who got qualifications, compared to 6.5% women and 2.5% other weak groups, though only 62% of the young trainees got jobs, compared with 64% women and 68% of trainees from disadvantaged groups.

While the programme was considered to be successful, there are some criticisms that can be made.

- The programme had a certain "skimming effect" in that it was used more by those who were in a stronger position, relatively speaking (i.e. those with medium to high levels of qualification). This is true for both the employed and the unemployed who were eligible to participate but was particularly true of the long-term unemployed. The lower achievements of the weaker segments of the population can be attributed, at least partially, to inadequacies in the employment service and especially to its inability to reach, inform and provide guidance for people who, because of age, illiteracy or low levels of education, do not manage to access information or training on their own initiative.

- As far as equal opportunities are concerned, the ESF has been used, more to protect the female component on the labour market than to provide support for improving the relative position of women.
- It was also noted that there was little integration between training policies and sectoral development policies.

These criticisms, which are clearly identified in Chapter III of the provisional draft of the frame of reference for Objective 3 in the 2000-2006 planning period, need to be met and dealt with.

An additional criticism, and one that goes beyond the ESF, is that the Region of Piedmont does not spend enough on vocational education and training. At the moment, 66% of the expenditure on vocational education and training comes from state and European funds and 34% from the region's own resources. The current proposal is that regional government will launch a plan to re-balance these proportions so as to arrive, in the medium term, at an equal allocation of costs.

For the training year 1998-1999 the overall cost of vocational training was in the region of 300,000 million lire, which was distributed as follows:

a) training for work (unemployed) 180,000 million;

b) training at work (employed) 85,000 million; and

c) new and experimental actions (apprenticeships, project parks etc.)

In that year, therefore, expenditure on training in the Piedmont Region amounted to 75,000 lira per inhabitant. This is certainly modest, but is not very far from the sums spent by other regions in the centre and north of Italy.

Preparation for the new ESF

The Regional Government of Piedmont has already established a number of guidelines for interventions in vocational education and training in the new ESF.

First of all, the object is to favour clear links between training and work by giving greater support to those actions which, starting from an analysis of needs, enable trainees to have effective access to employment. In this regard, particular attention will be paid to the entry of disabled and all disadvantaged groups into the world of work.

The region will discourage vocational training, particularly initial vocational education and training, of long duration as this can often be too scholastic. This is particularly important since the school-leaving age has been raised.

Special attention will be given to training interventions in the context of territorial pacts by providing for a special line of action in this regard.

There will also be a distinct emphasis on interventions in areas which are of regional interest and in the area of tourism. This provision has turned out to be particularly farseeing. Turin will host the 2006 Winter Olympics and will, therefore, need to prepare itself for this. Vocational training will have a role to play in providing the skills required. Previous experience has shown that these can continue to be deployed long after the Olympics have ended.

Finally, the region intends to experiment with a system to evaluate the impact of vocational education and training initiatives on employment so that the system can be improved.

The intention is to increase the amount spent on vocational education. The types of training will include initial training, in-service training, apprenticeships, life-long learning, sandwich training and other forms of training for adults. The largest proportion of the funds will be allocated to local employment initiatives.

The guidelines and plans have yet to be finalised but they are important, because they have been developed in the context of both the European Employment Pact and the new ESF strategy for 2000-2006 and have taken the orientation and requirements of these into account.

The EU regions and candidate countries

The experiences outlined so far have been those of a single region. The collective experience of what EU regions are experiencing may also be useful to candidate countries.

In the principal countries of the EU, an intense process of reform of the system of vocational training and of the labour market is underway. Although the reforms in question are specific to each country, they have interesting points in common and these can be taken as an indication of where convergence between the systems might occur in the future.

Even if systems do converge, however, it is likely that two fundamental models will remain: the "direct" modal, typical of Germany in which access to work determines the training activities undertaken; and the "indirect" model, which operates on the supply side and aims at improving the level of skills and qualifications in the areas which are in demand.

In the training systems of Western Europe, these two systems co-exist, although the importance of each varies from one country to another. The clearest differences are, however, in the ways training is carried out and in the institutional structures that regulate them. But, far from being a problem in hypothetical future collaboration, these differences mean that Europe has a wealth of experience that new candidate countries can draw on to adapt the process of reform to the particular needs of their own cultures.

There are various common concerns that need to be taken into consideration.

De-industrialisation

Different regions in Europe are going through a phase of de-industrialisation characterised by the rapid disappearance of traditional industrial structures (such as textiles). This has serious implications for the vocational training systems in these areas because of the demand for training for workers, who have been made redundant but who have high levels of skill.

Re-industrialisation

This refers to the emergence of numerous new, local, industrial or third sector initiatives, generally of small size but often requiring high levels of professional, technical and managerial skills. Sometimes, it is not small, local initiatives, but large, foreign, industrial groups that are involved. In both cases, investment is often in productive sectors which are totally new as far as local traditions are concerned.

The demographic crisis

Demographic imbalance is a phenomenon which can be found in all countries of Western Europe, although there are significant differences between one region and another.

Increase in the number of older workers

In all regions, to varying degrees, the percentage of older workers is rising and, within this group, there is an increase in the number of workers at risk, i.e. workers who are still far from pensionable age and who have low levels of basic education. Often, the only vocational skills these have are too closely linked to productive processes which are highly specialised and subject to rapid obsolescence.

It is these factors, which can be found, to a greater or lesser extent, in all the more industrialised European states, that have pushed these states into reforming their vocational training systems. At the same time, the particular employment and training needs that the situation has thrown up has encouraged the tendency towards innovation which is characteristic of contemporary vocational training and employment policy.

The situation in the countries of Central and Eastern Europe is comparable to that which has just been described. These countries, too, have to cope with de-industrialisation, re-industrialisation and the equally worrying problem of the relative increase in the number of older workers. On top of this, they have to deal with additional areas of concern, such as the aging of the productive apparatus, the need to encourage entrepreneurship and to invigorate existing companies and the conversion of part of the work force from agriculture to other sectors.

The solution to all these problems does not lie, exclusively, in vocational training. Other factors, such as, for example, investment capacity and availability of know-how, are essential to economic recovery and expansion. Nevertheless, vocational training initiatives, in the context of an active employment policy, have been shown to have an important role to play.

From this point of view, the actions that have contributed most to making European vocational training most innovative in recent years may be of interest to candidate countries. Some of these are listed below.

Skills auditing, - the systematic and comprehensive analysis of the skill resources that have already been acquired.

Individualised curricula - planning individualised training paths which make the most of past experience, skills and abilities already acquired and the specific subjective components of professionality.

Planning of training - which includes not only teaching but also directing the process of learning.

Links between training and entry into the workforce - ensuring that training is the natural channel to enter the workforce by means of integrating the training/instruction system with the labour market.

Continuous adaptation between the supply and demand for skills - which involves greater flexibility in the training process and the development of a relevant system of continuous training.

Encouraging synergy between skills acquired at school, in training and at work - which involves, *inter alia*, the development and implementation of an effective system of training credits.

Planning the provision of training - which means integrating the roles and responsibilities of the different levels of authority, i.e. the EU, national governments and administrations and regional and local authorities, and affirming the principle of subsidiarity.

The European regions that have been most innovative in the area of vocational training and labour market policy and that have acquired experience in these areas, can contribute effectively to the reorganisation of the training systems of the candidate countries. Some interventions could be launched immediately, by means of setting up networks of European regions.

These could include:

- setting up mechanisms to harmonise the role of public authorities and social partners, on the lines, for example, of the secretariat for vocational education and training created by the Piedmont region;
- developing different types of cooperation between universities and enterprises to the end of facilitating the transfer of technological innovation to the productive system;
- encouraging new entrepreneurship by means of a network of services which would offer particular support at the start-up phase;
- setting up a system to monitor skill requirements, identified in cooperation with entrepreneur associations;
- setting up projects to ensure equality in vocational training opportunities between men and women;
- starting up decentralising processes, in the first instance, towards the regional level and, afterwards, towards local authorities (communes and provinces);
- implementing economic recovery pacts, on the same lines as the EU Territorial Employment Pacts, at a local level;
- providing technical assistance, for a series of activities, such as the use of the Structural Funds, legislative reform etc.;
- organising and providing training for managers in the public administrations that operate in this sector; and
- activating procedures to monitor and measure the efficacy and efficiency of the actions carried out.

This series of interventions should be carried out by means of pilot projects started on the initiative of the European Training Foundation and implemented by means of the construction of regional networks, in which business organisation would also participate.

Finally, to ensure greater efficacy, one could create an *ad hoc* measure in support of this type of intervention in the development programmes of the regional training systems. The interventions should, moreover, be able to count on preferential bureaucratic treatment so as to ensure that the projects could start as quickly as possible.

4.2 *Local authorities and employment creation*

In looking at the role of local and regional authorities in employment creation, Mercedes Bresso, President of the Province of Turin, pointed out that one of the effects of globalisation was to bring the problems of local development to the forefront. This was because the need to be competitive is now felt, not just at the level of national economies, but also at the level of the regions and even smaller divisions.

Partnership is an essential part of development and local and regional authorities have to find ways of cooperating with different levels of government, right up to EU level and also with one another. They need to work jointly, particularly in the areas of planning and programming. At the same time, they have to play a proactive role in encouraging and developing partnerships within the areas under their control.

Particularly important in this regard are partnerships between the authorities, who provide vocational training and enterprises. Local authorities also have a role to play in promoting the involvement of the social partners.

Another way in which local and regional authorities can help create employment is by supporting technological research, which can trigger new developments in both policies and in enterprises.

The Piedmont region is committed to developing closer links between training and the world of work. One of more specific aims is to provide help to the self-employed, especially the young self-employed. There is a need for a new kind of training to create the young entrepreneurs which will make Piedmont competitive on a global level. Young people should be helped to develop their ideas, to experiment and, above all, to learn to work together to solve problems.

As the process of decentralisation progresses and is consolidated, local and regional authorities will become increasingly indispensable to the effort to create the ability to work jointly, to be more competitive and to ensure that the principle of subsidiarity is implemented at national, regional and local levels.

4.3 *The implications for candidate countries*

As far as candidate countries are concerned, Jean-Raymond Masson of the European Training Foundation pointed out that regionalisation, which affected both employment systems and vocational training, was a process which was already underway or in preparation.

Regionalisation is the result of explicit political choice and there are several reasons why the candidate countries have decided to embark on it. It is seen as a means of helping candidate countries:

- to revitalise their systems of public administration;
- to promote better systems management;
- to overcome the lack of resources at the central level; and
- to prepare for participation in the Structural Funds.

The process of regionalisation is at different stages in different countries. It is most advanced in Poland. Other countries, Romania, Slovenia, Hungary, Latvia etc., are in a state of preparation. But the question now is, not how to convince anyone of the benefits of regionalisation, which are widely recognised, but how to make sure that the complex processes involved are successful.

Masson also emphasised that, although regionalising responsibilities for vocational training and action to combat unemployment does provide real benefits, it is not a panacea and it should not be taken too far. It is vital that the central state should not shed all its responsibilities. In fact, the process currently underway is not always a top-down devolution from the state to the region. It is often bottom-up because very rapid, sometimes excessive, decentralisation at the beginning of the 1990s has deprived the state of a number of means of intervention.

The state, however, does have a central role to play in developing and implementing the process of regionalisation and in ensuring its success. It must promote a sharing of responsibilities between the different levels of authority. In particular, it is up to it to guarantee:

- the transparency of the system, by putting into operation mechanisms for accreditation and for maintaining adequate statistical records;
- quality control, by the establishment and the promotion of a system of references on the content of training, the training of trainers etc.; and
- equal treatment or equity between regions, by means of technical assistance, mechanisms of redistribution and instruments which would allow the state to take over from regions that are weak or that fail to do what is expected of them.

Another fundamental aspect of the role of the state is setting up a dialogue, or even partnership mechanisms, between it and the regions.

Vocational training in regional development

It should be noted that, while regionalisation is regarded as a way of improving vocational training, vocational training is itself a key component in regional development. This is a second process, distinct from, but not unrelated, to the first.

Vocational training can make a substantial contribution to a region's effort to be competitive, to develop its SMEs, to promote entrepreneurship and managerial competences and to stimulate rural development. It can play a pivotal role in industrial restructuring. This is recognised in the guidelines for Phare, the preparation of "preliminary" national development plans (October 1999) and can be seen in the operation of the current Phare programme, e.g. in the mining areas of Romania, the iron and steel industry in Poland. It is also evident in the mining regions of the EU (Lorraine, for example) and other European regions affected by the decline of traditional industries.

Vocational training can also intervene in urgent situations, such as the closure of plants, growing unemployment, the treatment of minorities (gypsies in Central Europe, Russian minorities in the Baltic states for example) and other questions of economic and social exclusion.

To achieve balanced regional development, it is necessary to maintain both economic development and social cohesion at the same time and a good vocational training system can contribute a great deal to both of these.

A regional strategy

The pursuit of the dual aims of promoting the regionalisation of vocational education and training and ensuring that vocational training contributes to regional development presupposes a strategy of regional development of which the development of human resources is an integral part.

Such a strategy requires:

- that all the regional actors (different levels of administration, social partners, NGOs etc) are involved in the organisation of dialogue, partnership mechanisms etc. (An interesting example of this is provided by the "Regional councils for vocational training" in Slovenia);
- that the actors involved in training are well coordinated both among themselves and with the employment services (This has been the strategy adopted by the European Training Foundation pilot project in the Costanza region of Romania);
- that the different levels of administration work well together (Some countries in Central Europe are experiencing difficulties in this regard); and
- that the regions have their own resources and not just those allocated by the state.

Labour market analysis

An adequate strategy, in its turn, is predicated on and presupposes a good analysis of the needs of the labour market. This is by no means a simple procedure. Not all of the many such analyses that have been produced are adequate to the purposes for which they are intended. In planning an analysis of local labour market needs, particular attention needs to be paid to the factors listed below.

- It is essential to avoid using inappropriate approaches or methodology. For example, it is futile to launch too detailed an enquiry among SMEs of the region on the skills they will need in 5 years time if their order books go only as far as 6 months and the economy of the region is in a state of turmoil.
- Quantitative surveys should be complemented by more qualitative data.
- Long-term reflections should be included from the start of the strategy for regional development.
- The social partners should be fully involved.
- It is important to develop dialogue and cooperation, at all levels, between the actors involved in training (schools, learning/apprenticeship centres, universities etc) and representatives from the world of work (employers' associations, trades unions etc).
- The experiences of some of the regional observatories in the European Union should be examined closely and the lessons learnt put to good use in new situations.

Regionalisation can make heavy demands on all the countries, EU Member States and otherwise, in which it is underway but it is particularly difficult for the candidate countries. There are two main reasons for this.

The first is that various processes are underway simultaneously. Candidate countries are involved, at the same time, in implementing:

- regional development policies, including human resource development strategies;

- the regionalisation of the training and employment systems; and
- preparatory measures for the Structural Funds, particularly the ESF.

All of this is being carried out against the background of the European Employment Strategy and also of the necessity to adapt and modernise the entire *national* system of vocational training.

The second major difficulty is that the candidate countries have to develop ambitious and well-targeted strategies to implement policies which are not necessarily complementary, i.e. they have, at one and the same time, to promote and balance:

- economic development AND social cohesion;
- the establishment of national plans AND the search for coherent regional approaches; and
- regional autonomy AND equality between regions.

All of this makes their task a very difficult one and there can be no doubt that they have fundamental requirements for technical assistance at national, regional and local levels.

5. Discussions

An important part of the conference was given over to workshops and a round table. These provided the occasion for intensive and fruitful discussions between participants from the candidate countries, Member States, the Committee of the Regions, Piedmont, the European Commission and the European Training Foundation.

Inevitably, there was some overlap in the discussions in the different workshops and in the conclusions reached. The following presentation of these conclusions tries to follow the themes of the workshops as closely as possible.

5.1 Regionalisation

The theme of regionalisation was taken up in virtually all discussions but particularly in Workshop 1, "Decentralisation of employment policies at regional and local level" and Workshop 2, "The role of local and regional authorities in linking education and training enterprises to training".

The general view was that decentralisation can bring improvements to employment and training policies and many benefits, in terms of "added value", to the region involved in forming and implementing them.

Local market needs are best dealt with at a local level and the decentralisation of employment and training policies allows a quicker reaction which is more sensitive to local market demand.

Decentralisation can encourage innovation as it leads to more varied and more innovative strategies. This is partly due to the greater numbers of people involved and partly because, as Irma Peiponen put it "not all wisdom resides in the capital". The result of having more people involved is that "ownership" of the policies is more diffuse and there is greater commitment to them. The result is that they are implemented with greater enthusiasm and have a better chance of success.

Decentralisation is often accompanied by measures to encourage partnerships between and within regions. Partnerships within and between regions of equal standing are more conducive to innovation than the top-down implementation of policies developed by a centralised civil service. It was also suggested (by a Polish participant) that regionalisation of vocational training and employment policies promotes social and economic integration at a regional level.

At the same, the participants were, largely, of the view that cooperation between the different levels of authority is still important, as are mechanisms for ensuring cohesion between the different programmes, plans and strategies.

If there is regionalisation, however, it is essential that there is also a degree of financial autonomy. It is very important that both decision-making responsibilities and budgets are devolved to the regional and local administrations. This view was expressed strongly by Irish, Finnish and Romanian participants.

"With regard to ESF funding, in Ireland, as in Wales, funding emanates from central government. Each application must, therefore, be processed centrally. This evidently slows down the system and, to an extent, it is not the best way to meet local needs in a satisfactory manner". (Nash)

Regionalisation is not, however, the solution to all problems. There are some drawbacks to it and the question of how far devolution should go was of some concern to many participants.

The State has still an important role to play in making the process successful in ensuring transparency, quality and equity.

On the institutional side, some candidate countries are wary of regionalisation in the light of the detrimental effects that too rapid decentralisation in the early 1990s had in their countries. Sometimes, constitutional issues are involved and these are quite often better resolved at a national level. Local interests may hinder local actors and tougher decisions can be more effectively taken by independent public services or central institutions.

A related difficulty, which was pointed out by a participant from the Czech Republic, is the fragility of many of the new institutions in Central and East European countries, especially those at regional level, and their consequent inability to take and implement decisions. The need for institution building in this context is obvious. It is equally important to ensure that the skills and competencies necessary to run these institutions efficiently and effectively are developed.

It is also necessary to take into account the different sizes of regions and countries. In fact, regionalisation may not be relevant for countries that are already small in terms of territory and/or population. A case in point is Estonia. The whole country is one region and this makes decentralisation difficult.

Decentralisation is a process that the state must be prepared to deal with in respect to the regional authorities and other stakeholders. At the same time, it is vital that the state retains clear functions and that regional policies are developed in the context of, and coordinated with, national policies.

5.2 *Bringing training closer to the world of work*

In Central and Eastern European countries, as in most EU Member States, the educational system, including the system of vocational training, developed almost independently of the situation on the labour market. This has always resulted in a certain imbalance between the skills provided by schools and training institutions and those required in the world of work but this was relatively unproblematic as long as technological development was slow and skill requirements were static. This is no longer the case. Rapid economic and technological changes mean that enterprises are forced to adapt their organisation and methods of work and to upgrade the skills of their workers on a regular basis.

There is a need for occupational profiles for new areas of economic activity, especially in the candidate countries and, with the market situation altering at such a rapid pace, there is a need for continuous upgrading of skills. However, many of the skills required now are not task-, or even job-specific and the days when workers could apply the occupational skills learnt (at school or at work) when they were young throughout their working lives are gone. Furthermore, what is required now is a different type of skill, flexibility and the ability to adapt and to apply generic and general skills to the performance of new tasks in new situations. Enterprises need to adapt to new situations and cannot be certain of future output or the skills required. It is in this context that the idea of life-long learning acquires such importance.

Participants believed that to-day's training requirements are best met by interdisciplinary educational and training programmes and by training that focuses on work-related situations. Such training is better carried out jointly in and by schools, training institutions and companies. Ideally, there should be shared decision-making between the different actors to ensure a good match between employment and training. This can be facilitated through permanent communication and interaction.

They concluded, therefore, that the emphasis should be on

- a better linkage between education and industry;
- life-long learning; and
- cooperation between the different actors, including the social partners, in terms of setting up a strong relationship between work and educational programmes.

Local and regional authorities can have an important role to play in the development of links between training and enterprises. In fact, one of the major advantages of regionalisation is that it offers the possibility of developing these links and of adapting training policy and its implementation to local labour market needs. How successful local authorities are in this depends, not just on institutional and structural administrative changes, but also on the quality of the relationships between training organisations, local administration and local enterprises.

Representatives from the Piedmont region felt that, in their case, decentralisation had resulted in a great deal of "added value" and contributed significantly to the integration of labour market policy and education and vocational training. Regionalisation allows for more, and more intensive, interaction between the vocational educational system and the world of work and this can be effective in the implementation of employment policies, including the fight against unemployment, provided, of course, that the regional and local authorities establish the necessary structures for cooperation and the necessary tools for analysing the supply of, and demand for, labour.

Regional authorities are in a better position than their national counterparts to ensure that the training provided by institutions in their area is suited to local needs. At the same time, as some participants pointed out, tying training programmes too closely to the needs of one sector, industry or, indeed, one company can, in itself, be dangerous and produce the very bottlenecks, inflexibility and unemployability that regionalisation is intended to avoid. On the other hand, a bottom-up approach to dealing with unemployment through active local initiatives, such as happened in Romania, can be both fruitful in itself and an effective means of promoting decentralisation.

Regional and local authorities in the EU have been involved in initiatives and partnerships in this area and their experiences could provide some help for candidate regions that have embarked, or are about to embark, on similar ventures.

The EU examples include:

- regional education and training councils;
- centres for regional development where the programmes are carried out partly by education and partly by training;
- alternating training schemes;
- mentorships; and
- science and technology parks set up on premises of universities.

Experienced EU regions could provide help to candidate partners in many areas including:

- the provision of training for administrative personnel;
- the provision of support to businesses, particularly SMEs;
- measures to combat social exclusion; and
- joint research and development projects between universities/higher education institutions and companies.

In dealing with employment policy and training issues at regional level, it is important that cooperation between the different actors, including local enterprises, is clearly defined and the relevant structures set up. These should be capable, *inter alia*, of anticipating enterprises needs by forecasting future, particularly medium-term, skill requirements in such a way that the education sector can respond and prepare to meet them. It is also the task of the local authority to ensure close cooperation with social partners. National policies must be delivered at regional and local level. This is especially the case in the transfer of know-how, which cannot be left to central actors to implement in an *ad hoc* fashion.

In developing a regional strategy, it important that the authority involved:

- defines a common objective for all the actors;
- mobilises all the stakeholders;
- ensures that they agree on a strategy or actions to be taken;
- act as a funding lever; and
- puts into place mechanisms to monitor and evaluate the process.

The authority could usefully examine comparable experiences and initiate cooperation with EU partners. It could also take on the task of setting up social partnerships, but it is important to note that these tend to work only on the basis of very concrete projects. Partnerships are particularly useful in pilot projects in both rural and urban areas. Experience to date has shown that partnerships developed in the context of such programmes as Socrates, Leonardo da Vinci etc. have benefited local authorities greatly, by reducing the financial burden on them, by fostering economic developments and by helping to reduce social tensions in different regions.

5.3 *Benefiting from the experience of Member States*

It is essential to ensure that candidate countries are exposed to the best practice emanating from the Member States and from EU policies and developments themselves.

Current EU initiatives are all taking place against the background of the major instruments put in place at EU level to support labour market change, i.e. the European Employment Strategy and the NAPs. While the effects of these, relatively new developments may be, as yet, difficult to gauge, there are already lessons to be learnt, on a macro-level, from earlier national-level plans.

The Irish example is of particular interest in this regard. Ireland moved from a situation of 15.7% unemployment in 1993 to 7.8% in 1998 and, at the same time, became one of the fastest growing economies in Europe. While this can be attributed to many factors, not least the level of investment from EU funding, it is also due, to a considerable extent, to the development and implementation of an effective national policy. This policy was based on a strategic tri-partite agreement between

government, trades unions and employers, which was expressed in a series of fairly austere National Wage Agreements. While the effects attributed to these may be exaggerated, compared to other macro-economic factors, there is general agreement that Ireland's industrial and labour market policies and its positive enterprise environment has facilitated the exploitation of opportunities created by the technological change and the effects of globalisation.

The labour market has demonstrated considerable flexibility in responding to the recent strong economic growth that has resulted from these policies. Ireland is frequently cited as an example of how successful social partnership can be in the pursuit of employment strategies. At the same time, there are considerable structural problems that remain unresolved. One of these is long-term unemployment which has proved to be remarkably resistant to change and fell only from 9% in 1993 to 8% in 1998. Another, related problem is the growing level of inequality between different groups within the country.

The key goal underpinning the current Irish National Action Plan is to bring about the structural reform of the labour market within a framework that supports economic and employment growth and tackles social exclusion. The aim is to reduce unemployment even further and to tackle the problem of long-term unemployment. The orientation in training is towards the provision of continuing training so that those in employment continually upgrade their skills. This is to ensure their future employability and the competitiveness of the enterprise sector.

While Ireland provides a case study of an overall approach, it is equally important to identify good examples of more micro level initiatives, particularly initiatives which are employment intensive and which illustrate how employment friendly policies can be implemented on the ground.

Partnerships, at national level and between different levels of authority, can provide a structure and be a catalyst for change but such partnerships should incorporate coordinating bodies that have real decision-making powers. Furthermore, the entire process should be monitored so that the social partners can judge the effectiveness of their participation.

At the same, it is essential to build effective partnerships, involving employers, training organisations, local authorities and NGOs, in local and regional initiatives and to harness the skills and competencies of communities for economic growth. A bottom-up approach is likely to be more effective in this instance.

5.4 *Social exclusion*

Addressing imbalances at regional level must be preceded by an analysis and understanding of the scope of problems. It is this which makes it possible to explore effective approaches tailored to particular needs and to concentrate resources.

It is difficult, but necessary, to combine growth and competitiveness with social cohesion and to balance the need for high level skills with the need to include marginalised groups. The insertion of the unemployed, including the long-term unemployed, the "recycling" and re-skilling of redundant workers and the promotion of equal opportunities (which should be expressed in terms of priorities and in measurable performance indicators) are all major objectives of employment programmes in both Member States and candidate countries. There are many lessons to be learnt, in this regard, from the operation of the ESF in Member States and from Community Initiatives such as Adapt, Integra, NOW etc.

Initiatives targeting disadvantaged groups should be based on an analysis of needs designed to identify active approaches to viable solutions.

It is useful to work with the regional, local and community partners who are closest to the beneficiaries and understand their problems. In this regard, projects to build the capacity of organisations directly working with the target groups can be very useful. If the initiative is to achieve the primary aim of insertion into the workforce, however, this capacity building must be flanked by the development of effective partnerships between local authorities, training establishments, NGOs, beneficiaries themselves and, of course, local employers.

Experience with working with the disadvantaged indicates that the most effective initiatives include a beneficiary-centred focus on tailor-made, perhaps individualised, paths into employment and an integrated approach of which vocational training is a crucial element.

In planning initiatives for the disadvantaged, it is important to establish which form of disadvantage, or multiple disadvantage, the client group, and/or the individuals within it, suffer from. This is fundamental to determining the clients' needs and to identifying effective pathways to employment. The latter need to be based on a sound knowledge of the individual client in terms of:

- job motivation;
- suitability; and
- capability.

Determining the needs of the client and satisfying them is an essential part of a tailored programme. This type of programme should have a practical orientation, be cohesive, rather than fragmented, in approach and be based on a pact which determines the responsibility of all the actors involved. Although an individual approach to each client may be effective and necessary, training or other activities that involve working in a group can, in themselves, be a step towards integration.

The integration of the disadvantaged often involves working with, and providing support to, both the target group and to potential, or actual, employers. Above all, it requires extensive preparation in the form of analysis, an integrated plan, training new agents, assessment of needs and the setting up mechanisms of interaction with enterprises and of cooperation between all the institutional actors involved.

6. Conclusions

The regionalisation of employment policy and vocational training as a means of combating unemployment is not one, but a series, of different, often complex, processes.

While there are many similarities between candidate countries and between them and the EU Member States, the process of regionalisation, in all its complexity, is underway in a variety of different historical, social, economic and cultural contexts and the configuration that regionalism takes on differs considerably from one country to the next. The conference provided a forum to exchange know-how and good practice and to explore potential solutions to the complex issues and problems involved in regionalising employment and vocational education policy and development. Regionalisation is an on-going process aimed at tackling a range of challenges: changing administration, financing and better management of resources.

Candidate countries are faced with a very difficult task. They need to implement simultaneously regional development, the regionalisation of employment and vocational education and training policies and administration, national plans for economic development and reforms of their education and training systems while, at the same time preparing for accession and participation in the structural funds. They have a real need, therefore, for technical assistance, especially for institution building.

Regionalisation implies a devolution of authority and responsibility from the state to a lower level but this is not a simple, or a linear process. Regionalisation is not a panacea. It is important the central authority retain its essential functions in order to make the process successful. The state has a crucial role in guaranteeing transparency, quality control and equality between the regions. There is a need for good dialogue between the State and the regions.

Central to the idea of regionalisation, particularly as it refers to employment policy and vocational training, is that it is accompanied by the building of forms of cooperation with a variety of different actors. This type of the cooperation is widely referred to as the "partnership" approach which brings together the main actors (national, regional and social partners including the NGOs) to develop in-depth dialogue and to contribute to democracy. Partnerships exist or are expected to exist, on many different levels.

In the first place, there is the partnership between the three levels of government, the central, the regional and the local levels. These have different responsibilities and different levels of responsibility. Partnership or cooperation between them is formal, structured and, generally, regulated by statutory provisions.

Central to current thinking on economic policy is the idea that partnerships should also be developed within each of these levels. This means partnership between different bodies within the same region - local authorities, enterprises, the social partners and educational or training institutions. This is often extended to include NGOs, local communities, client groups and research bodies or universities.

A third type of partnership is between different regions in the same country or between regions in different, i.e. EU Member State and candidate countries. In the former case, participation is, in effect, a form of cooperation and mutual aid to maximise resources. In the latter, though the EU region can

gain substantially, the primary and explicit function is to facilitate the development of the candidate country region. Regional networks are a form of this type of partnership, although they are more extensive, but perhaps less intensive, than partnership between two or three regions. Regional networking is seen as facilitating the added value of sharing experience and of enabling those involved to learn from both the successes and failures of others.

Successful partnerships between different actors and between EU and candidate countries may require the full involvement of national, regional and local authorities as well as the participation of the social partners and representative organisations. There may be structures set up to create and support them but these partnerships within and between regions tend to be more voluntary and ad hoc in nature than those between the different levels of government in a single state. Partnerships of this "voluntary" type tend to be built up gradually and to develop from a base of accumulated joint experience. Within a region, the involvement of a broad group of actors creates wide-ranging political consensus and gives the transparency to the management of resources, which is particularly necessary in candidate countries.

At the same time, in all the candidate countries, the process of regionalisation is taking place against the background of their preparations for accession and, particularly, for participation in the Structural Funds. It is in this context that regional institution building acquires special significance. If regionalisation is to succeed, it is essential that there are the structures and skills to support it. It is for this reason that the European Commission has decided to allocate 30% of Phare 2000 funds to institution building.

While Objectives 1 and 2 of the Structural Funds have a regional focus, the Objective 3 targets disadvantaged and marginalised groups. The European Social Fund, which contributes to economic and social cohesion through employment and human resource development is very important for candidate countries. Participation in the ESF requires expertise and candidate countries and regions need to develop this. It is for these reasons that the Phare 2000 guidelines explicitly refer to ESF-type measures. Participants identified a potential problem of incorporating ESF procedures into the Phare 2000 procedures. They also suggested that officials from the Employment and Social Affairs DG, as well as the Regional Policy DG, should be invited to become direct partners in the preparation of Phare 2000.

Good economic and labour market analyses are important tools to aid planning and development of employment and education processes in the regions and to set targets. Translating strategy into clear and concrete projects with measurable outputs is crucial.

Finally, delegates endorsed the need for a European network to facilitate further cooperation and to disseminate good practice between regions in both the EU and the candidate countries.